

Investor Presentation

Three Part Advisors
Midwest IDEAS Investor Conference

AUGUST 28, 2024



Hamilton Beach. proctor|silex.



Forward-Looking Statements

The statements contained in this presentation that are not historical facts are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These forward-looking statements are made subject to certain risks and uncertainties, which could cause actual results to differ materially from those presented. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Such risks and uncertainties include, without limitation: (1) uncertain or unfavorable global economic conditions and impacts from global military conflicts; (2) the Company’s ability to source and ship products to meet anticipated demand; (3) the Company’s ability to successfully manage constraints throughout the global transportation supply chain; (4) changes in the sales prices, product mix or levels of consumer purchases of small electric and specialty housewares appliances; (5) changes in consumer retail and credit markets, including the increasing volume of transactions made through third-party internet sellers; (6) bankruptcy of or loss of major retail customers or suppliers; (7) changes in costs, including transportation costs, of sourced products; (8) delays in delivery of sourced products; (9) changes in or unavailability of quality or cost effective suppliers; (10) exchange rate fluctuations, changes in the import tariffs and monetary policies and other changes in the regulatory climate in the countries in which the Company operates or buys and/or sells products; (11) the impact of tariffs on customer purchasing patterns; (12) product liability, regulatory actions or other litigation, warranty claims or returns of products; (13) customer acceptance of, changes in costs of or delays in the development of new products; (14) increased competition, including consolidation within the industry; (15) changes in customers’ inventory management strategies; (16) shifts in consumer shopping patterns, gasoline prices, weather conditions, the level of consumer confidence and disposable income as a result of economic conditions, unemployment rates or other events or conditions that may adversely affect the level of customer purchases of the Company’s products; (17) changes mandated by federal, state and other regulation, including tax, health, safety or environmental legislation; (18) the Company’s ability to identify, acquire or develop, and successfully integrate, new businesses or new product lines; and (19) other risk factors, including those described in the Company’s filings with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2023. Furthermore, the future impact of unfavorable economic conditions, including inflation, changing interest rates, availability of capital markets and consumer spending rates remains uncertain. In uncertain economic environments, we cannot predict whether or when such circumstances may improve or worsen, or what impact, if any, such circumstances could have on our business, results of operations, cash flows and financial position.



Company Overview

Who We Are

- **Hamilton Beach Brands Holding Company**
 - A **leading** designer, marketer and distributor of a wide range of branded **small electric** household and specialty **housewares appliances**, as well as **commercial products** for restaurants, fast food chains, bars and hotels
 - Provider of connected devices and software for **healthcare** management
- Long tenured company (**110+ years**)
- Became public in 2017, traded on **NYSE** under ticker **HBB**
- Annual revenue: **~\$650 million**
- Leader in large and growing small appliances industry
- Annual units sold: **25-30 million**
- Growing revenue profitability while reducing working capital and debt

Markets Served

- Core **Consumer** market is North America (U.S., Canada, Mexico, Latin America)
- Increasing share of the **Premium** small kitchen appliance market
- Growing presence in global **Commercial** kitchen and hotel amenities markets
- Burgeoning global **Home Healthcare** solutions business as of 2021

Investment Highlights

01

Leader in large and growing consumer housewares market, with a powerful portfolio of iconic brands

02

Proven innovator with 110+ years of industry leading R&D

03

Strong relationships with key customers across all markets and channels, with a leading ecommerce presence

04

Six strategic initiatives to drive revenue growth and margin expansion over time

05

Asset-light business model generates healthy free cash flow

06

Disciplined capital allocation strategy of reinvestment in business, returning value to shareholders

07

Experienced management team executing against strategic priorities

Powerful Brand Portfolio

Flagship brands Hamilton Beach and Proctor Silex are well known and trusted names that have served consumers for **110+ years**

- Core business provides strong foundation to support **newer growth initiatives**
- Exclusive multiyear trademark **licensing** and other agreements with increasing number of premium consumer brands sold at higher prices and higher margins
- Portfolio offers good, better, best product assortment from **Value to Luxury**

Premium,
Commercial,
Health &
Wellness

Luxury



Value

Broad Product Assortment

Hamilton Beach participates in **50+** product categories often offering multiple brands per category

Hamilton Beach® brand small appliances rank in the **Top 3** positions for national brands in 26 key product sub-categories in the U.S.¹

Participates in **high demand categories** like single-serve coffee, blenders, toaster ovens and grills



¹ Source: Circana, Retail Tracking Service, US Unit Sales, Small Appliances Sub-Categories, 12 months ending June 30, 2024

Consistent Product Innovation

—
Hamilton Beach's **Good Thinking®**
approach to consumer-driven innovation

- Gather data/feedback from **25,000+** consumer touchpoints annually
- **200+** new product platforms launched over last **5 years**
- Pipeline of innovative new products focused on core, premium, commercial, health & wellness markets
- HBB grew dollar and unit market share in North America in 2023 and through first half of 2024¹

Goal is to maximize innovations with unique consumer benefits



¹ Source: Circana June 30, 2024

2024 New Products



Best-in-Class Customer Relationships

Products distributed through all key channels

North American Consumer

Walmart  amazon

TARGET

WILLIAMS-SONOMA

 Liverpool®



Largest
customers
for flagship
brands

Global Commercial

COSTA
COFFEE  

WebstaurantStore  

Global Health

accredo®

Optum

 NOVARTIS

S/NIFI

Strategic Growth Initiatives

01. Drive Core Growth

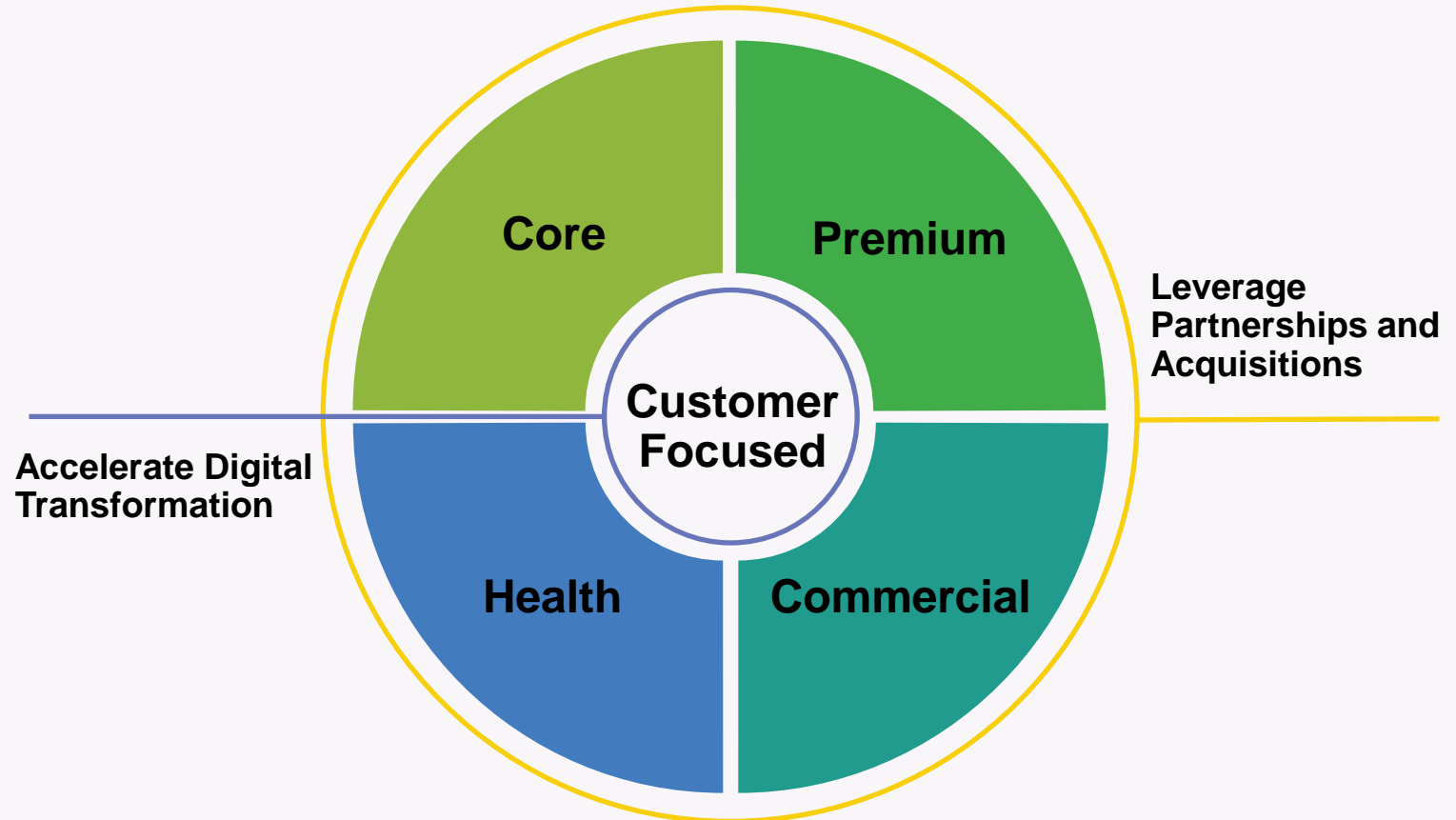
02. Gain Share in the Premium Market

03. Lead in Global Commercial Market

04. Accelerate Growth of Hamilton Beach Health

05. Accelerate Digital Transformation

06. Leverage Partnerships and Acquisitions



01

Strategic initiative

Drive Core Growth



Hamilton Beach. proctor|silex.

Hamilton Beach is the **#1** small kitchen appliance brand in the U.S. by units sold¹

- Proctor Silex brand is “Simply Better”, products feature sleek, practical designs at accessible price points
- Growth plans to increase revenue and market share focus on innovative new product development
- 2024 product launches include new models in high-demand categories including coffee makers, air fryer toaster ovens, blenders, food processors, hand and stand mixers, slow cookers, garment care, and more
- Increasing digital, social media and influencer marketing support

¹ Source: Circana June 30, 2024

02

Strategic initiative



Gain Share in Premium Market

Leveraging
brands into
new premium
lines



- Some premium brands are owned while others are used under exclusive multiyear trademark licensing and other agreements
- HBB share of U.S. \$3.6 billion market is ~3%, providing significant room for growth¹
- Accounted for 15% of HBB 2023 revenue
- Growth plans include new brands such as the launch of Numilk machines to create fresh plant-based milks on demand in 2024

¹ Source: Circana December 31, 2023

Premium New Products



NUMILK



03

Strategic initiative



Lead in Global Commercial Market



- Increasing participation in multi-billion-dollar global market with significant upside
- Investing in higher margin products for commercial food service/beverages and hotel amenities
- Accounted for 8% of HBB 2023 revenue
- Growth plans include product innovations, increasing sales with existing/new customers, and leveraging HBB partnerships

Commercial Growth Plans

Further regional and global chain penetration

- Blending and mixing
- Back-of-house food prep

Drive growth in EMEA region

Numilk commercial machine

Coffee shops are a prime target



04

Strategic initiative



Accelerate Growth of Hamilton Beach Health



2021

Created Hamilton
Beach Health brand



2024

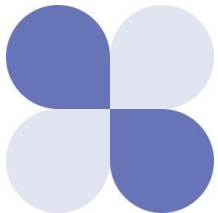
Acquired HealthBeacon PLC, a
medical technology firm

- Opportunity driven by demographics, increased chronic medical conditions, need for at-home treatments, technology
- Developing healthcare management tools including [remote therapeutic monitoring systems](#), first system is the Smart Sharps Bin™ provided primarily through specialty pharmacies
- Revenue model is subscription-based, high margin
- Growth plans include adding new patients with existing or new pharmacy customers, increasing conditions treated using the system

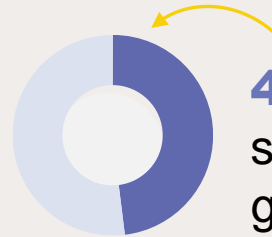
05

Strategic initiative

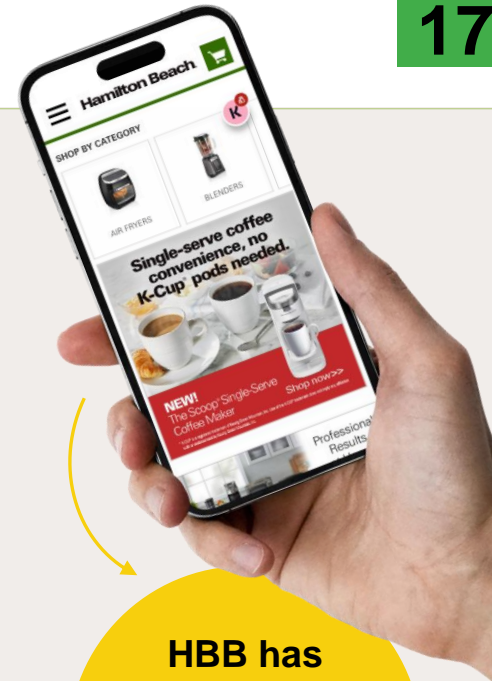
Accelerate Digital Transformation



- Best-in-class retailer support driving prominent brand placement on leading sites
- HBB's strong product reviews and ratings online build brand equity
★★★★★
- Growth plans include online content investments to drive awareness/sell-through, online advertising and other digital marketing strategies



48% of HBB 2023 U.S. consumer sales were from ecommerce, growing at **13% CAGR** over last 5 years



HBB has capitalized on consumer shift to online shopping

06

Strategic initiative

Leverage Partnerships & Acquisitions

Identify businesses that fit strategically within the Hamilton Beach portfolio and leverage Company's many strengths

Partnerships



Acquisitions



- Pursue additional trademark licensing agreements
- Forge strategic alliances

Financial Summary

(In thousands)

- Strong recovery from global supply chain challenges
- Trending above historical profitability
- Asset light model
- Disciplined management of working capital
- Significant reduction of pandemic-related debt
- Cash provided by operating activities in the first half of 2024 was \$37.1M
- Disciplined capital allocation strategy to return shareholder value and invest in growth

See Appendix for Non-GAAP reconciliations

¹ **NWC:** Inventory plus Accounts Receivable Net less Accounts Payable per the face of the Balance Sheet

² **Net Debt:** Debt less Cash and Cash Equivalents per the face of the Balance Sheet

³ **Free Cash Flow:** Cash Flow from Operations less Capital Expenditures

	Twelve Months Ending		
	6/30/24	12/31/23	12/31/22
Income Statement Data			
Revenue	\$644,781	\$625,625	\$640,949
Gross Profit	\$165,900	\$143,676	\$129,114
% of Revenue	25.7%	23.0%	20.1%
Operating Profit	\$48,427	\$35,081	\$38,794
% of Revenue	7.5%	5.6%	6.1%
	As of		
	6/30/24	12/31/23	12/31/22
Balance Sheet Data			
Total Assets	\$369,896	\$384,702	\$388,950
Net Working Capital ¹	\$118,783	\$162,284	\$209,414
Debt	\$50,000	\$50,000	\$110,895
Net Debt ²	\$12,787	\$34,630	\$109,967
	Twelve Months Ending		
	6/30/24	12/31/23	12/31/22
Free Cash Flow			
Cash Flow from Operations	\$68,447	\$88,636	(\$3,418)
Capital Expenditures	(\$3,473)	(\$5,174)	(\$2,279)
Free Cash Flow ³	\$64,974	\$86,463	(\$5,697)
Capital Allocation			
Debt Addition (Reductions)	(\$9,858)	(\$60,916)	\$14,383
Cash Dividends Paid	(\$6,218)	(\$6,082)	(\$5,782)
Share Repurchases	(\$7,038)	(\$3,074)	(\$2,979)
Acquisitions	(\$7,412)	\$0	\$0

Revenue Growth Roadmap

Growth driven by
6 key strategic initiatives

Fastest growing areas of HBB's business expected to be:

- Premium
- Commercial
- Health

Small kitchen appliance market in 2024 projected to be modestly **below** 2023



HBB 2024 total revenue expected to **increase** modestly, outpacing market due to progress with strategic initiatives



Key Margin Drivers

01

Gross profit margin **expansion** from mix shift to premium and commercial products



02

SG&A **leverage** as the business scales

03

2024 operating profit expected to **increase** significantly due to gross profit margin expansion

Strategic Global Footprint and Asset-Light Business Model

Hamilton Beach outsources manufacturing primarily to China and is diversifying within Asia

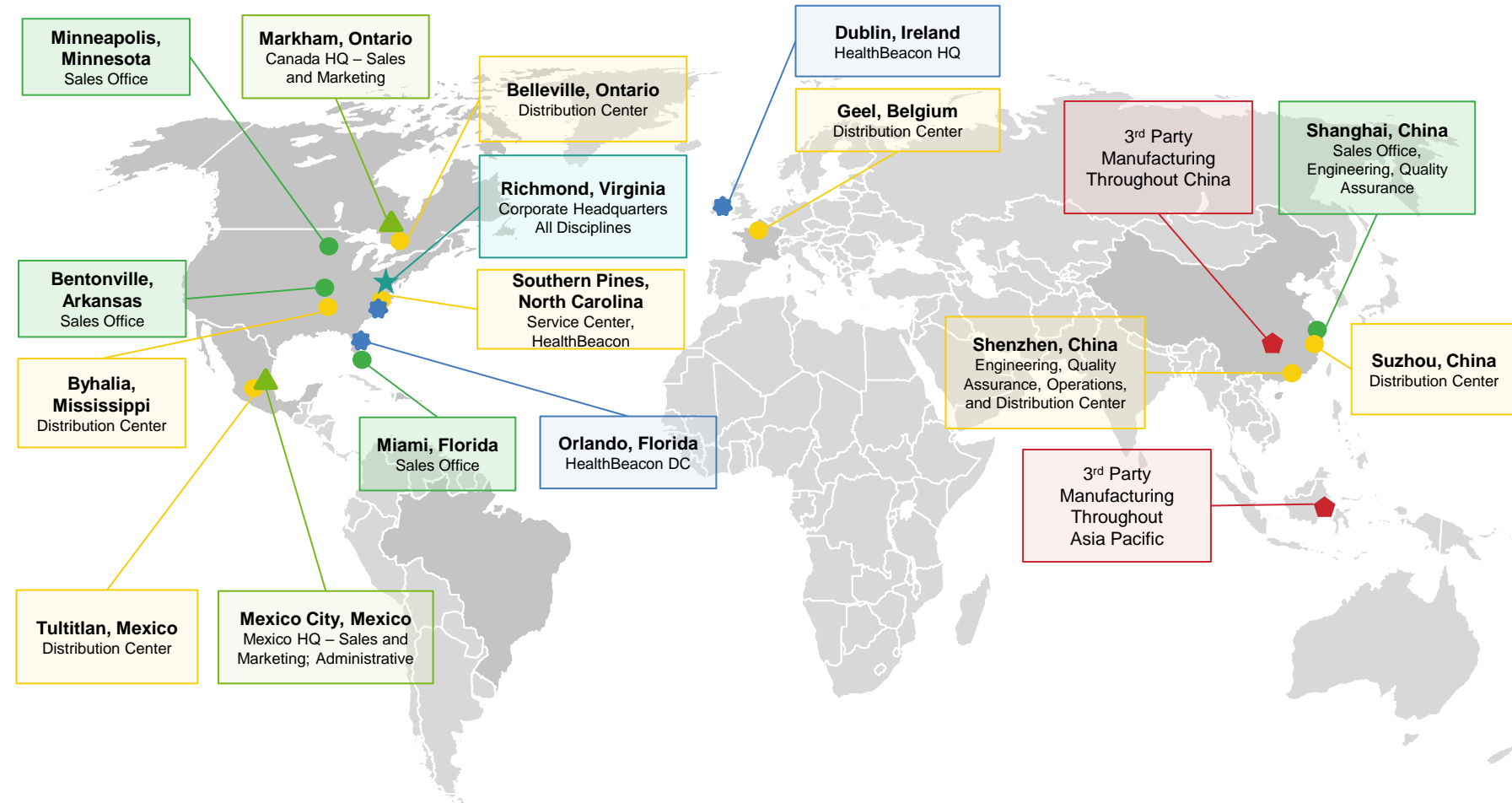
Results in low capex requirements

Provides significant free cash flow for reinvestment

~1%
of sales

Key:

- ★ Corporate HQ
- ▲ Regional HQ
- ◆ 3rd Party Manufacturers
- Operations
- Sales
- ★ Health



Strong Balance Sheet and Liquidity

Goal is to maintain a conservative leverage profile not greater than **2.5x-3x**

\$75M net debt reduction in 2023



Ample liquidity to support **growth** investments



Disciplined Capital Allocation Priorities

Reinvest in the business

- Support organic growth
- Disciplined M&A strategy focused on synergistic, bolt-on opportunities



Return value to shareholders

- Maintain competitive dividends
- Share repurchases Opportunistically buy back stock
 - Repurchased **414,011** shares (TTM 6/30/2024)
 - Goal is to offset dilution at a minimum

**Paid \$6.2M
in dividends**
(TTM 6/30/2024)

Why Invest in HBB?

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Disciplined capital allocation strategy of reinvestment in business, returning value to shareholders

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Experienced management team executing against strategic priorities

**Thank
You**



Hamilton Beach
BRANDS

Appendix

Non-GAAP Disclosure

- Net working capital, net debt and free cash flow are non-GAAP financial measures that management uses in evaluating financial position. The presentation of these measures is not intended to be considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with U.S. GAAP. The presentation of these measures may be different from non-GAAP financial measures used by other companies. A reconciliation of these measures to its most directly comparable GAAP measure is provided in the table.

	As of		
	6/30/24	12/31/23	12/31/22
Net Working Capital			
Trade receivables, net	\$85,038	\$135,434	\$115,135
Inventory	\$130,197	\$126,554	\$156,038
Less: Accounts Payable	\$96,452	\$99,704	\$61,759
Net Working Capital	\$118,783	\$162,284	\$209,414

	As of		
	6/30/24	12/31/23	12/31/22
Net Debt			
Total debt	\$50,000	\$50,000	\$110,895
Less: Cash and cash equivalents	\$37,213	\$15,370	\$928
Net debt	\$12,787	\$34,630	\$109,067

	Twelve Months Ending		
	6/30/24	12/31/23	12/31/22
Free Cash Flow			
Cash Flow from Operations	\$68,447	\$88,636	(\$3,418)
Less: Capital Expenditures	\$3,473	\$5,174	\$2,279
Free Cash Flow	\$64,974	\$86,463	(\$5,697)